UNITED NATIONS **A**

General Assembly

Distr.
GENERAL

A/C.5/48/31
23 November 1993

ORIGINAL: ENGLISH

Forty-eighth session
FIFTH COMMITTEE
Agenda item 127

SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS

Letter dated 22 November 1993 from the Chargé d'affaires a.i. of the Permanent Mission of Yugoslavia to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the position of the Government of the Federal Republic of Yugoslavia on the scale of assessments for the apportionment of the expenses of the United Nations.

I should be grateful if you would have the present letter and its annex circulated as a document of the General Assembly under agenda item 127.

(Signed) Dragomir DJOKIC
Ambassador
Chargé d'affaires a.i.

93-65348 (E) 241193 251193

/...

Annex

THE POSITION OF THE FEDERAL REPUBLIC OF YUGOSLAVIA ON AGENDA ITEM 127: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS

The Federal Republic of Yugoslavia has carefully studied the report of the Committee on Contributions. a/ We take note of the recommendations of the Committee that the present rate of assessment for the Federal Republic of Yugoslavia should be reduced by 0.02 per cent, which has been proposed as the rate of assessment for the former Yugoslav Republic of Macedonia.

Despite the proposed reduction of Yugoslavia's contribution to the United Nations budget, the new rate of assessment (0.14 per cent) does not adequately reflect the large-scale disruptions in the economic, social and humanitarian fields as a consequence of the crisis and war in the territory of the former Socialist Federal Republic of Yugoslavia, the devastating effects of sanctions on the economy and the gross national product of Yugoslavia as well as the economic burden of the more than 700,000 refugees who have found shelter in the Federal Republic of Yugoslavia.

According to World Bank data, the social product in the Socialist Federal Republic of Yugoslavia totalled 70 billion dollars in 1990, i.e. US$ 3,000 per capita. Owing to the negative trends, primarily because of the country's economic blockade, it is estimated that the per capita income in the Federal Republic of Yugoslavia will amount to US$ 200-250 at the end of 1993, with a further downward trend should the sanctions persist in 1994. Consequently, in 1993 the income in the Federal Republic of Yugoslavia has dropped below the poverty line by Western standards.

In addition to the drop in the social product, other macroeconomic aggregates also showed negative trends. Gross investments dropped in real terms at greater rates than the social product. As a direct consequence of the decrease of economic activity, the number of employed persons has also dropped by 15 per cent in 1992 compared to 1989. The unemployment rate in 1992 ran as high as 16 per cent of the total active population. On top of that, out of 2.2 million of those who still hold on to their jobs in mid-1993, 35 to 45 per cent have in effect been out of work. High price increases in 1992 evolved into hyper-inflation and amounted to 9,300 per cent by the end of the year. It is to be expected that by the end of 1993 the inflation will be expressed in millions that would be by far the highest inflation in Europe since the Second World War. Owing to the economic blockade, imports into the Federal Republic of Yugoslavia have been drastically reduced and exports are non-existent.

---

a/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 11 (A/48/11).

Proceeding from the above data, it is quite clear that Yugoslavia's capacity to pay has been dramatically reduced and that the rate of assessment of 0.14 per cent which has been determined on the basis of outdated and incorrect statistics of the former Socialist Federal Republic of Yugoslavia is excessive.

The Federal Republic of Yugoslavia is particularly concerned that the Committee on Contributions has decided to defer action on Yugoslavia's request submitted in the letters of the Foreign Minister of Yugoslavia, H.E. Mr. Vladislav Jovanovic, dated 13 March 1993 and 14 May 1993, to the Secretary-General, in which it was requested that the obligations of the former Socialist Federal Republic of Yugoslavia to the regular budget of the United Nations and peace-keeping operations for 1991 and 1992 be separated from the dues of the Federal Republic of Yugoslavia. It is unacceptable that Yugoslavia should be fully responsible for the obligations of the Socialist Federal Republic of Yugoslavia, particularly taking into account that four new Member States of the United Nations have been recognized by the General Assembly and that negotiations on the division of assets and liabilities are taking place within the framework of the International Conference on the Former Yugoslavia. In this context, we deem it both reasonable and logical that the amounts that remain payable as outstanding dues of the former Socialist Federal Republic of Yugoslavia to the regular budget of the United Nations and peace-keeping operations be registered as the joint obligation of the Federal Republic of Yugoslavia and the former republics of the Socialist Federal Republic of Yugoslavia.

The Federal Republic of Yugoslavia has noted that the Committee on Contributions in its deliberations paid great attention to the problem of determining assessment rates for the member States of the so-called Group of 22. Though it is understandable that the Committee did not have the specific legal and political mandate to determine the new assessment rates, it is imperative that a better reflection of the capacity to pay of each particular member of this group of countries be achieved in the formulation of a new scale of assessments.

The Federal Republic of Yugoslavia believes that in the preparations for devising a new scale methodology which would much more accurately reflect the true economic power and capacity of States to pay, it is necessary that the 10-year statistical base period for calculating the national income be shortened to a period of three years. Adding to this, Yugoslavia supports the proposal that a phasing-out of the scheme of limits should be effected since the scheme has proven to be a flawed mechanism as it distorts the capacity to pay, by transferring the burden to the budget from the countries whose economy is growing to those whose economic power is declining.

Yugoslavia supports the proposal that has been put forward during the debate on the scale of assessments in the Fifth Committee during the forty-eighth session of the General Assembly, that the problems of refugee host countries should be taken into account in future scale methodologies. In determining the scale, the heavy debt burden of developing countries should be retained as a criterion for determining assessment rates.